

## RUNNYMEDE BOROUGH COUNCIL

### COUNCIL SUMMONS, 12 FEBRUARY 2004 ITEM 3

(NB: Members are requested to bring their own Budget Book to the meeting)

#### 3. BUDGET AND COUNCIL TAX 2004/2005

The recommendations of the 5 February meeting of the Corporate Management Committee in respect of this matter are set out below. A further update report will be circulated with details of the Surrey County Council and Surrey Police Authority precepts as soon as the decision of the Police Authority is known.

#### REPORT OF THE CORPORATE MANAGEMENT COMMITTEE HELD ON 5 FEBRUARY 2004

The Committee considered the 2004/05 Budget and Runnymede's element of the Council Tax for the 2004/05 financial year.

The other precepting authorities, Surrey County Council and the Surrey Police Authority, had not yet made their Council Tax decisions.

The Committee noted the variation between the original estimate and the projected outturn on the General Fund for the 2003/04 financial year and the reasons for the changes in budgeted expenditure on services, as well as the overall position of the General Fund in the 2004/05 financial year. Use of working balances in the 2003/04 probable outturn at £2,742,500 was £245,100 greater than had been provided in the original estimate. Reasons for the variation were explained in the report.

The Committee noted a comparison of the 2004/05 estimates with the financial forecast that had been approved by the Council in October 2003. The net expenditure on services in the budget amounted to £14,261,900. This was £620,900 more than the forecast figure of £13,641,000 excluding the variations in capital changes. The main reason for the difference was that the financial forecast provided for further savings of £475,000 to be identified in the 2004/05 Budget in order to meet the Council's savings target of £1 million. The provision for Position Statement initiatives had been reduced by £100,000, which enabled the savings target to be reduced by a commensurate sum. However, the balance of £375,000 had not yet been identified and thus no provision had been made in the 2004/05 estimates. The estimated position on General Fund Revenue Reserves and Balances was noted.

In 2004/05, the Council would be receiving £4,506,900 in Formula Grant from the Government, compared to £4,820,800 in 2003/04. This had reduced because Government support for benefit payments had increased to 100%. However, the increase in benefit subsidy was less than the corresponding reduction in Formula Grant. Representations had been made to the Office of the Deputy Prime Minister on this matter but the final published financial settlement had not changed these arrangements.

Other factors which were detrimental to the Council's financial position were the increasing number of properties in the borough occupied by students which were exempt from Council Tax and the fact that investment income for 2003/04 was expected to be £250,000 less than the original estimate. The average interest rates assumed in the 2003/04 original estimate were 4%. A poor performance by the Council's two fund managers meant that the average returns were unlikely to exceed 3% in this year. There was no indication from the Government at this stage that, if it were to implement a capping system, that Runnymede would be one of the authorities affected.

The Committee noted the need to achieve the net revenue reduction targets over the forthcoming years. If the targets were not met the General Fund reserves would be used up earlier and the Council would be forced either to make larger increases in the Council Tax than had been planned or to make unplanned reductions in services. The General Summary Revenue Account showed a budget requirement of £7,730,100. After deducting Formula Grant of £4,506,900 and contributing £23,900 to the Collection Fund, a net Council Tax demand of £3,247,100 would be required (representing £100.44 on a Band 'D' property).

**IT WAS RECOMMENDED that -**

- i) the revised revenue estimates for the year 2003/04 and the revenue estimates for 2004/05 as submitted in the 2004/05 Budget be approved;**
- ii) the following amounts be now calculated by the Council for the year 2004/05 in accordance with sections 32 to 36 of the Local Government Finance Act 1992;**
  - a) £48,949,800 being the aggregate of the amounts which the Council estimates for the items set out in section 32(2)(a) to (e) of the Act.**
  - b) £41,219,700 being the aggregate of the amounts which the Council estimates for the items set out in section 32(3)(a) to (c) of the Act.**
  - c) £7,730,100 being the amount by which the aggregate at ii)(a) above exceeds the aggregate at ii)(b) above, calculated by the Council, in accordance with section 32(4) of the Act, as its budget requirement for the year.**
  - d) £4,483,000 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund calculated in accordance with section 33(3) of the Act.**
  - e) £100.44 being the amount of ii)(c) above less the amount at ii)(d) above, all divided by the Council Tax Base of 32,329 calculated in accordance with section 33(1) of the Act, as the basic amount of its Council Tax for the year.**
  - f) Runnymede Borough Council  
Valuation Bands**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>£66.96</b>	<b>£78.12</b>	<b>£89.28</b>	<b>£100.44</b>	<b>£122.76</b>	<b>£145.08</b>	<b>£167.40</b>	<b>£200.88</b>

**(being the amounts calculated by the Council in applying the figure set out at ii)(e) to the formula in section 36(1) of the Act) as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.**